



Department of Defense

PROCUREMENT FROM SMALL AND OTHER BUSINESS FIRMS

October 2002 - September 2003

Fiscal Year 2003

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Department of Defense

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Defense prime contract awards to U.S. small business firms totaled \$42.0 billion during fiscal year (FY) 2003, compared with \$33.3 billion for FY 2002. Defense awards to all U.S. business firms totaled \$187.5 billion during FY 2003, compared with \$157.1 billion during FY 2002. These reported totals for Defense procurement include a mix of supplies and services as detailed in Table I.

The percentage of total U.S. business dollars awarded to small businesses increased from 21.2 percent in FY 2002 to 22.4 percent in FY 2003. Ships, other major hard goods, services, construction and commercial items categories showed percentage increases, while aircraft, civil functions, and summarized purchases of \$25,000 or less showed percentage decreases. Missile and space systems remained the same.

Defense prime contract awards for Research, Development, Test and Evaluation (RDT&E) are included in Table I and are shown separately in Table II. Small business firms were awarded \$4.1 billion in Department of Defense RDT&E prime contracts during FY 2003 compared with \$3.4 billion during FY 2002. Of the total RDT&E prime contract dollars awarded to all U.S. business firms, small businesses received 14.4 percent during FY 2003, the same percent as in FY 2002.

Subcontract commitments to small business firms during FY 2003 and FY 2002 are shown in Table III. Commitment figures are obtained from large business firms that receive prime contract awards, valued at \$500,000 or more, that have subcontracting opportunities. The reporting U.S. business firms committed a total of \$86.5 billion in subcontracts during FY 2003, compared with \$75.5 billion during FY 2002. Of these amounts, subcontract commitments to small businesses totaled \$32.0 billion in FY 2003, compared to \$25.8 billion in FY 2002. Small business firms received 37.0 percent of the reported subcontract dollars during FY 2003, an increase from 34.1 percent in FY 2002.

TABLE I
SMALL BUSINESS SHARE OF DEFENSE PROCUREMENT
(Dollars in Thousands)

TYPE OF FIRM - PROCUREMENT CATEGORY	FY 2003	FY 2002
TOTAL - DoD PRIME CONTRACT AWARDS TO ALL BUSINESS FIRMS	\$187,534,990	\$157,085,216
Aircraft	41,360,718	30,732,487
Missile and Space Systems	13,347,183	11,252,136
Ships	10,235,696	11,469,029
Other Major Hard Goods	27,388,133	24,120,857
Services	46,479,853	36,080,804
Petroleum	2,919,549	2,799,045
Commercial Items	20,418,916	17,164,512
Construction	12,485,805	11,109,257
Summarized Purchases of \$25,000 or Less	9,269,334	8,951,023
Civil Functions	3,629,803	3,406,066
TOTAL - DoD AWARDS TO SMALL BUSINESS FIRMS	\$41,999,720	\$33,298,319
Aircraft	2,291,985	2,170,055
Missile and Space Systems	1,329,454	1,121,836
Ships	1,264,011	991,508
Other Major Hard Goods	4,675,830	3,537,276
Services	11,676,309	8,923,779
Petroleum	627,637	747,846
Commercial Items	8,790,846	6,031,833
Construction	6,093,338	4,596,681
Summarized Purchases of \$25,000 or Less	3,674,870	3,591,372
Civil Functions	1,575,440	1,586,131
TOTAL - DoD AWARDS TO OTHER BUSINESS FIRMS	\$145,535,269	\$123,786,897
Aircraft	39,068,734	28,562,431
Missile and Space Systems	12,017,729	10,130,300
Ships	8,971,685	10,477,521
Other Major Hard Goods	22,712,303	20,583,580
Services	34,803,544	27,157,025
Petroleum	2,291,912	2,051,199
Commercial Items	11,628,069	11,132,678
Construction	6,392,467	6,512,576
Summarized Purchases of \$25,000 or Less	5,594,463	5,359,651
Civil Functions	2,054,363	1,819,935
TOTAL - PERCENT OF SMALL BUSINESS TO ALL BUSINESS	22.4	21.2
Aircraft	5.5	7.1
Missile and Space Systems	10.0	10.0
Ships	12.3	8.6
Other Major Hard Goods	17.1	14.7
Services	25.1	24.7
Petroleum	21.5	26.7
Commercial Items	43.1	35.1
Construction	48.8	41.4
Summarized Purchases of \$25,000 or Less	39.6	40.1
Civil Functions	43.4	46.6

TABLE II
SMALL BUSINESS SHARE OF DEFENSE PROCUREMENT
FOR RESEARCH, DEVELOPMENT, TEST AND EVALUATION WORK
(Dollars in Thousands)

TYPE OF FIRM - DEPARTMENT	FY 2003	FY 2002
TOTAL - ALL FIRMS (RDT&E)	\$28,655,316	\$23,710,991
Army	7,681,929	6,309,749
Navy	9,697,089	6,296,164
Air Force	7,940,632	8,038,039
Defense Logistics Agency	104,302	123,255
Civil Functions	11,998	13,518
Other Defense Agencies	3,219,366	2,930,267
SMALL FIRMS	\$4,138,758	\$3,418,699
Army	1,483,029	1,191,088
Navy	1,373,596	1,151,724
Air Force	812,496	802,672
Defense Logistics Agency	3,637	2,176
Civil Functions	11,033	13,277
Other Defense Agencies	454,967	257,763
OTHER FIRMS	\$24,516,560	\$20,292,292
Army	6,198,901	5,118,661
Navy	8,323,493	5,144,440
Air Force	7,128,136	7,235,366
Defense Logistics Agency	100,666	121,080
Civil Functions	965	241
Other Defense Agencies	2,764,399	2,672,503
SMALL FIRMS AS A PERCENT OF TOTAL	14.4	14.4
Army	19.3	18.9
Navy	14.2	18.3
Air Force	10.2	10.0
Defense Logistics Agency	3.5	1.8
Civil Functions	92.0	98.2
Other Defense Agencies	14.1	8.8

TABLE III
SMALL BUSINESS SHARE OF DEFENSE SUBCONTRACTS
(Dollars in Thousands)

SUBCONTRACTS	FY 2003	FY 2002
Number of Reports from Large Business Firms	1,995	2,022
Subcontracting Commitments by Reporting, Large Business Firms	\$86,505,034	\$75,536,831
Commitments to Small Business	\$32,004,221	\$25,760,814
Percent to Small Business	37.0	34.1